

From: Thomas, Kathy
Sent: Wednesday, October 26, 2016 9:58 AM
To: Jenkins, John <John.Jenkins@tylertech.com>
Cc: Burns, Jamie <Jamie.Burns@tylertech.com>
Subject: Suzi - Merit Increase due to FLSA changes

John,

Attached is the document you can use as a guideline to talk with Suzi. And you can provide her a copy as well.

Her current salary = \$45,000
Early Merit Increase will bring her to = \$47,500
Effective Nov 21, 2016

See FAQ attached for all the details. Let me know if you have any questions. Good stuff!

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Early Increase FAQ

Q: Why am I receiving a salary increase sooner than the normal merit cycle?

A: You are currently an exempt employee (which means you are exempt from the overtime rules enacted by the Fair Labor Standards Act of 1938 (FLSA) and governed by the Department of Labor (DOL).) Effective December 1, 2016 the salary level on which exemption status is based is changing from \$455 to \$913 per week (\$23,660 to \$47,476 annually).

Since your current annual salary falls just below \$47,476, you will be given an increase ahead of the normal merit schedule to keep you above the threshold and to prevent you from being reclassified as a non-exempt for three months.

Q: How much of an increase will I receive?

A: The amount you receive takes the following factors into consideration:

- Your performance,
- Your pay relative to peers.

Q: When is the new salary effective?

A: The new salary is effective on November 20, 2016 and will appear in your December 2, 2016 paycheck.

Q: Will I receive another increase during the normal merit cycle (Feb/March 2017)?

A: Your 2017 increase has been moved up by three months so you don't have to become non-exempt for a short-time. The increase that is effective on November 20, 2016 will include what you would have received had your increase been effective with the normal merit cycle (in Feb/March 2017). In essence, you will have the higher salary three months early. And, if you participate in the staff bonus, your award will be higher because it is calculated on your year-end salary.

Q: When will I receive my next increase?

A: If Tyler follows the same merit cycle that's been in place for years, your next increase will be effective in February/March, 2018. However, you may qualify for a promotion or other off-cycle salary action in the interim.

Q: It doesn't seem fair that I have to wait more than twelve months between increases.

A: In reality, you are benefitting by receiving an early increase. Simple math indicates that your long-term earnings will be greater than had you waited and received an increase at the normal merit time (Feb/March 2017). Also, if you participate in the staff bonus, your award will be higher because it is calculated on your year-end salary.